



## COALITION FOR SECURE RETIREMENT - MICHIGAN

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March 13, 2013

The Honorable Lisa Lyons  
Chair, House Education Committee  
And House Education Committee Members  
State Capitol  
P.O. Box 30014  
Lansing, MI 48909

Dear Representative Lyons and House Education Committee Members:

As president of the Coalition for Secure Retirement (CSR), I would like to express our organization's opposition to HB 4369, the legislation that is before you, based on two changes it makes that would affect MPSERS and employees in that system.

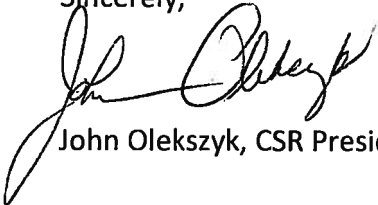
First of all, this legislation will increase stranded costs that other MPSERS employers will need to assume. While we see recognition of the fact that expansion of the EAA will increase the stranded costs already faced by school districts and community colleges, a "trailer bill" does not necessarily fix this problem. According to the House Fiscal Agency, the decline in statewide pupil enrollment has been the second biggest factor in the increase of employer contribution rates for unfunded accrued liabilities. (HFA, 9/18/12). At the time PA 300 of 2012 was enacted, the Office of Retirement Services (ORS) had estimated that 5% of the increase in employers' pension contributions and 2% of their retiree health care contributions are attributable to stranded costs. As the Segal study commissioned as a result of PA 300 suggested: "certain participating employers are covering the 'stranded costs' for those employers whose payrolls have declined, therefore making lower contributions." Enactment of this legislation would exacerbate that impact.

Secondly, the bill removes all employees in an EAA school from being able to continue to gain service credits in MPSERS. CSR fails to see how this change will improve the quality of education for children in that particular school. Eliminating their ability to accrue service credits would have negative consequences on all the employees in that building, regardless of the nature of those employees' duties or the quality of the performance of any particular employee. It seems to be the opposite of what one would do to attract and retain highly

qualified teachers to work in schools where many students are struggling. Indeed, it creates a disincentive to transfer into or remain in the new EAA school, particularly for those highly qualified teachers who may have a number of years of experience.

Please let me know what your views are regarding these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "John Olekszyk". The signature is fluid and cursive, with the first name "John" and last name "Olekszyk" clearly distinguishable.

John Olekszyk, CSR President